

Register-Clogging and Goods / Services Designations: U.S. vs European Models

**Robert W. Sacoff
Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP**

rws@pattishall.com

**Working Session 4.2
FICPI Forum - Rome
November 10, 2011**

Road Map For Today

- Why is register-clogging a problem ?
- Why is the U.S. fixated on TM “use” ?
- How does U.S. law prevent dead-wood ?
- How is dead-wood challenged in the U.S.?
- Are trademarks still protected in the U.S. ?
- What’s in store for the future ?

The Problem

Trademark registers are clogged by trademarks registered for goods that are not sold, have never been sold, and will never be sold under the mark.

The Problem

These applications and registrations, often called "dead wood," create a serious problem in the U.S.

The Problem

Dead-wood registrations reduce commercial certainty by preventing effective clearance searches, as the lengthy description obscures the real goods sold commercially under the mark

The Problem

Dead-wood registrations also unfairly prevent other marks from being registered – not to mention properly cleared and used - for goods unrelated to the registrant's actual products

The Problem

- ***Taken to the extreme, permitting registration of marks for goods not sold under the marks creates "rights in gross" in trademarks, contrary to the principle of specialty.***
- ***“Famous marks” are a special case, for which the U.S. has a special solution and very broad protection in its Anti-Dilution statute. But these special cases are not what we are talking about here today.***

Why the U.S. is Fixated on “Use”

To understand why the U.S. restricts trademark registrations to goods actually sold, you have to understand a little about the history and rationale of U.S. trademark law.

Why the U.S. is Fixated on “Use”

The U.S. imported unfair competition law from British law, which included passing off, and U.S. trademark law grew as a branch of trade identity unfair competition law.

Why the U.S. is Fixated on “Use”

When an unscrupulous trader used or simulated the mark of an established trader, the public was fooled, and the earlier trader was deprived of business intended for him.

The first trader, of course, could sue to stop the infringer, irrespective of registration.

Early U.S. Trademark Law

- ***The first U.S. federal trademark law was based on the copyright clause of the U.S. Constitution.***
- ***The Supreme Court held it unconstitutional in *The Trade-Mark Cases*, 100 U.S. 82 (1879) on the ground that the copyright clause gave Congress no authority to regulate trademarks.***
- ***Congress then passed the Trade Mark Act of 1881, which was based on the commerce clause of the Constitution, and this made it constitutional for Congress to regulate trademarks used “in commerce.”***

Modern U.S. Trademark Law

- ***The Lanham Act, the modern U.S. Trademark Act, was enacted in 1946 to broaden trademark notice nationwide in response to the growing volume of national advertising and interstate commerce.***
- ***It remained grounded in the commerce clause and the regulation of marks “used in commerce” (both interstate and with other countries).***

Modern U.S. Trademark Law

- ***A basic principle of U.S. trademark law is "No trade, no trademark."***
- ***The Trademark Register is intended to reflect the commercial realities of the marketplace, so that new trademark adopters can know what marks are already in use and guide themselves accordingly.***

Modern U.S. Trademark Law

- ***The Lanham Act was modernized again in 1989 to permit applications to be filed based on a "bona fide intent to use the mark in commerce."***
- ***This recognized commercial realities and lifted the anomalous burden of making full-scale use before filing an application to secure a priority on the Register.***

Anti-Dead-Wood Safeguards

But even though the U.S. Trademark Act now permits intent-to-use applications, it contains safeguards to protect the basic principle of “No trade, no trademark.”

These obligations apply equally to U.S. and non-U.S. companies.

Anti-Dead-Wood Safeguards

First, the trademark applicant must state under oath and in writing that it has a bona fide intent to use the mark for the listed goods when filing the application.

This applies to non-U.S. applicants even when applying under Madrid or the Paris Convention.

What is Bona Fide Intent To Use The Mark In [U.S.] Commerce ?

- ***A “mere statement of subjective intent, without more” is insufficient.***
- ***The “determination of whether an applicant has a bona fide intention to use the mark in commerce is to be a fair, objective determination based on all circumstances.” Lane Ltd. v. Jackson International Trading Co., 33 USPQ2d 1351 (TTAB 1994).***
- ***Opposer has the burden coming forward with evidence of the lack of bona fide intent, but can satisfy that burden by showing that applicant has no documentary evidence corroborating its intent to use.***
- ***That shifts the burden to Applicant to rebut the evidence of lack of intent. Commodore Electronics Ltd. v. CBM Kabushiki Kaisha, 26 USPQ2d 1503 (TTAB 1993).***

Anti-Dead-Wood Safeguards

- ***Second, for U.S. applicants, the mark must be in use before the registration can issue, and Applicant must file a sworn statement that it is in use for all the listed goods, along with an evidentiary specimen of use in each class.***
 - Note that non-U.S. applicants applying under the Madrid Protocol or under Paris Convention reciprocity provisions are excused from the use-before-registration requirement.

Anti-Dead-Wood Safeguards

Third, registered marks are abandoned when discontinued with intent not to resume use.

3 years of non-use creates a rebuttable presumption of abandonment.

This applies equally to Madrid and Convention registrations.

Anti-Dead-Wood Safeguards

Fourth, a sworn Declaration of Use and evidentiary specimens of current use must be filed periodically to maintain a U.S. registration:

- after the fifth year of registration, and***
- every ten years from the registration date upon renewal.***

This also applies equally to Madrid and Convention registrations.

Ways of Challenging Dead-Wood

Inaccurate statements about use of the mark for all the listed goods can be challenged before the Trademark Trial and Appeal Board and in the federal courts in trademark litigation.

If the challenge succeeds, the registration (or the class infected by the failure) will be canceled.

Challenge By Opposition

Applications can be opposed based on the Applicant's lack of bona fide intent to use the mark for all the listed goods.

Challenge By Cancellation

- ***Registrations can be canceled for the false or fraudulent statements that the mark is in use on all the listed goods.***
- ***This can be done based on either a false Statement of Use filed to get the registration, or for a false post-registration Declaration of Use***

Challenge for Fraud on the USPTO

- ***Much attention was attracted by the Medinol case, which wrongly set too low a standard for proving fraudulent statements, equating negligence with fraud.***
- ***Medinol was overruled and corrected by the Bose case which set a higher standard for proving fraud, requiring intent to deceive.***
- ***But a false statement of use can still be challenged as false, even if not fraudulent.***

Does Use-Based U.S. Trademark Law Still Work ?

- Even with its use-based restrictions, U.S. trademark law provides effective, marketplace-driven relief against infringement**
- A registered mark is infringed by a confusingly similar mark that is used on related goods even if they are not specifically listed in the registration.**

What's in Store For the Future ?

- The USPTO is acutely aware of the "long lists" problem clogging the U.S. Register**
- It has issued a proposed new rule that would permit Examiners to request additional specimens of post-registration use in cases they consider suspicious.**
- The U.S. trademark community views this as potentially burdensome and it is somewhat controversial at the moment.**
- We will have to wait and see if it is adopted and how it is applied.**

Conclusion

- **The U.S. use requirements that trademark registrants sometimes view as burdensome, represents a policy balance between protecting marks that ARE truly used, and maintaining an accurate Register that reflects the marketplace, and which permits others to register and use marks without obstruction from dead-wood marks.**